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No. 92-1750

IN THE

# Supreme Court of the United States

OCTOBER TERM, 1992

JOHN C. FOGERTY,

*Petitioner,*

v.

FANTASY, INC.,

*Respondent.*

**On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit**

## BRIEF *AMICUS CURIAE* OF HEWLETT-PACKARD COMPANY IN SUPPORT OF PETITIONER

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## QUESTION PRESENTED

Whether the application of different standards for awarding attorney's fees to prevailing plaintiffs and prevailing defendants under 17 U.S.C. § 505 is improper where there is no support for such a double standard in either the statute or its legislative history and where assertion of defenses which assist the courts and the public in ascertaining the scope of copyright protection to which a plaintiff is properly entitled under law provides societal benefits no less significant than those which ensue from the assertion of copyright claims.

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# BRIEF *AMICUS CURIAE* OF HEWLETT-PACKARD COMPANY IN SUPPORT OF PETITIONER

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This *amicus curiae* brief is submitted in support of Petitioner. Written consent to file this *amicus* brief was obtained from both parties and placed on file with the Clerk.

## INTEREST OF THE *AMICUS CURIAE*

Hewlett-Packard Company is one of the prevailing defendants in a copyright infringement action, *Apple Computer, Inc. v. Microsoft Corp. and Hewlett-Packard Co.*, No. C 88 20149 VRW (N.D. Cal. filed Mar. 17, 1988). Hewlett-Packard's motion to recover its attorney's fees under 17 U.S.C. § 505 was denied by the Northern District of California on the basis of the existing Ninth Circuit interpretation of that statute. While under the circumstances of its case Hewlett-Packard should have been entitled to its attorney's fees under the existing Ninth Circuit rule, Hewlett-Packard also urged in the alternative that the Ninth Circuit's interpretation creating a double standard between prevailing plaintiffs and prevailing defendants is plainly wrong, in that it is without no support in either the statute or its legislative history and does not adequately account for the societal interests provided by the Copyright Law. The district court denied Hewlett-Packard's motion without prejudice, indicating that, were this Court to reverse in the case at bar, it would reconsider whether or not Hewlett-Packard is entitled to attorney's fees using an evenhanded approach to section 505.

In *Apple v. Microsoft and Hewlett-Packard*, the works in suit related to graphical user interfaces for personal computers, in particular the visual displays generated by computer programs that allow for the interaction between the user and the computer. Hewlett-Packard's defense was successful primarily because the copyrights asserted against it consisted largely of subject matter unprotectable under the Copyright Law. By successfully establishing, *inter alia*, that certain allegedly infringed material was functional; was an idea, method, or procedure; or was unprotectable according to limiting copyright doctrines such as merger and *scènes à faire*, Hewlett-Packard



prevented the copyright holder from impermissibly enlarging the scope of its copyright monopoly.

In such circumstances, a prevailing copyright defendant[1] serves not only its own interest, but also the public interest because the Copyright Law is equally concerned with what is protectable and with what is not protectable. For this reason, copyright defendants should be encouraged to maintain meritorious defenses and the courts should not employ a double standard in awarding attorney's fees.

Especially because a growing number of copyright infringement suits deal with computer-related works that are functional in nature,[2] there is a very real danger that plaintiffs will attempt improperly to protect under the Copyright Law subject matter whose protection must be judged under the very

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[1] The term "copyright defendant" is used herein to refer to any party alleged to infringe a copyright, whether as a defendant or a declaratory judgment plaintiff.

[2] *See, e.g., Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 982 F.2d 693 (2d Cir. 1992) (copyrighted work in suit was a computer program for scheduling computer jobs); *Brown Bag Software v. Symantec Corp.*, 960 F.2d 1465 (9th Cir. 1992) (user interface for computer program for outlining); *Data East USA, Inc. v. Epyx, Inc.*, 862 F.2d 204 (9th Cir. 1988) (display of computer videogame); *Apple Computer, Inc. v. Microsoft Corp. and Hewlett-Packard Co.*, 799 F. Supp. 1006 (N.D. Cal. 1992) (user interface for computer operating system); *Lotus Dev. Corp. v. Borland Int'l, Inc.*, 788 F. Supp. 78 (D. Mass. 1992) (user interface for computer spreadsheet program); *Lotus Dev. Corp. v. Paperback Software Int'l*, 740 F. Supp. 37 (D. Mass. 1990) (same).

different standards of the Patent Law. The threat of such claims will chill the willingness of persons to make use of subject matter which is in the public domain, frustrating a fundamental purpose of Copyright Law. Therefore, just as plaintiffs should be encouraged with a potential award of attorney's fees to pursue meritorious claims of copyright infringement, defendants should be encouraged to maintain meritorious defenses to copyright claims, particularly those claims that seek impermissibly to enlarge the scope of copyrights. Thus, parties such as Hewlett-Packard — defendants in copyright infringement suits involving technological works — will be particularly affected by the Court's decision in this case.

## SUMMARY OF THE ARGUMENT

Although nothing in the language or the legislative history of 17 U.S.C. § 505 imposes a limitation on the discretion of a court to award attorney's fees to a prevailing defendant, the Ninth Circuit imposes a double standard, interjecting into the Copyright Law without any support a policy that may encourage plaintiffs to bring colorable claims of copyright infringement but neither encourages defendants to assert colorable defenses nor deters plaintiffs from seeking to enlarge impermissibly the scope of their copyrights. But this legislating on the part of the Ninth Circuit is shortsighted. As much as it is concerned with securing rights in protectable subject matter to copyright holders, Copyright Law is no less concerned with preserving unprotectable subject matter as part of the public domain. The public domain cannot protect itself; its protectors and advocates are the copyright defendants. Thus, a defendant who prevails by asserting meritorious defenses to defeat a claim of copyright infringement that seeks impermissibly to enlarge the lawful scope of a copyright monopoly deserves the encouragement of



an award of attorney's fees at least as much as a prevailing plaintiff. Such a defendant serves the public by protecting the public domain from encroachment by private claims.

Additionally, the law of copyrights exists alongside the laws of patents, trade secrets, trademarks and unfair competition, each providing a separate legal framework for protecting different types of intellectual property. Society is clearly harmed if subject matter that is properly subject to protection, if at all, only under the far stricter and significantly more limiting standards of the Patent Law is improperly asserted by a plaintiff as protectable under the Copyright Law. A defendant who successfully opposes a copyright infringement claim on these grounds serves the public interest, and is no less deserving than a prevailing plaintiff of the encouragement of a potential award of attorney's fees under section 505.

Finally, an increasing number of copyright infringement actions involve technical rather than artistic works. Some include demands for millions or even billions of dollars in damages, and require the expenditure of attorney's fees totalling hundreds of thousands, even millions of dollars. Particularly because of the importance of these actions to significant industries, and because successful copyright defendants serve public interests that are just as important as those served by plaintiffs who bring colorable claims of infringement, there should be no double standard of requiring a prevailing defendant to show bad faith or frivolity in order to receive an award of attorney's fees under section 505. As the plain and unambiguous language of the statute provides, an award of attorney's fees to whichever party prevails should be left to the sound discretion of the courts.

## ARGUMENT

### I. THE RATIONALE FOR EMPLOYING A DOUBLE STANDARD IGNORES THE IMPORTANT PUBLIC INTEREST IN PREVENTING COPYRIGHT HOLDERS FROM IMPERMISSIBLY ENLARGING THE SCOPE OF THE COPYRIGHT MONOPOLY

When interpreting 17 U.S.C. § 505,[3] the brief, unrevealing discussions of the courts of appeals that employ the double standard for prevailing copyright defendants point primarily to the policy consideration of avoiding a potential "chilling" of colorable copyright claims as the basis for deviating from the plain language of the statute. For example, citing the rationale of the Second Circuit, the Ninth Circuit has expressed the view that "'[a]ttorney's fees to prevailing defendants [should] be awarded circumspectly to avoid chilling a copyright holder's incentive to sue on "colorable" claims.'" *McCulloch v. Albert E. Price, Inc.*, 823 F.2d 316, 322-23 (9th Cir. 1987) (quoting *Roth v. Pritikin*, 787 F.2d 54, 57 (2d Cir. 1986)). *See also Diamond v. Am-Law Publishing Corp.*, 745

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[3] The staute, in pertinent part, provides that "the court may also award a reasonable attorney's fee to the prevailing party as part of the costs." 17 U.S.C. § 505 (1988). This provision of the Copyright Law differs from the analogous provisions of the Patent and Trademark Laws. In a patent or trademark action, a court may award attorney's fees to the prevailing party only in "exceptional cases." 35 U.S.C. § 285 (1988); 15 U.S.C. § 1117(a) (1988). Clearly, Congress has demonstrated that when it wishes to qualify the circumstances under which a prevailing party may receive attorney fees, it drafts explicit statutory language to so provide. Congress obviously chose not to do so in the case of 17 U.S.C. § 505.



F.2d 142, 148 (2d Cir. 1984) ("Fees to a prevailing defendant should not be awarded when the plaintiff's claim is colorable since such awards would diminish the intended incentive to bring such claims.").

None of the circuits that follow the double standard provides an explanation *why* any concerns over a "chilling effect" could not be considered by a court as part of the exercise of its discretion as already provided by Congress in the plain language of section 505.[4] But more importantly, the focus of those circuits is one-sided and limited. Encouraging copyright holders to bring claims at best serves only one purpose of section 505, because the Copyright Law does not exist solely for the benefit of copyright holders. Ultimately, it exists for the benefit of the public and society as a whole.

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[4] Because the statute provides that "the court *may* also award a reasonable attorney's fee to the prevailing party," 17 U.S.C. § 505 (1988) (emphasis added), it is clear that Congress has not mandated an award of attorney's fees to *all* prevailing parties; such an award is instead "left to the court's discretion." H.R. Rep. No. 1476, 94th Cong., 2d Sess. 163 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5779. Thus, a court may take into account as part of the exercise of its discretion whether a fee award to a prevailing copyright defendant in a particular case would unfairly burden a particular plaintiff or would have any "chilling effect" on potential deserving plaintiffs. Therefore, even if the primary policy underlying the statute were to avoid a "chilling effect," there is no need to read into section 505 a requirement that a prevailing defendant must demonstrate that the plaintiff's action was frivolous or brought in bad faith. This is especially so given the plain language of section 505 and the absence of any clear legislative history indicating that Congress intended to impose a double standard on prevailing defendants.

Certainly, it is just as vital to the public interest that Copyright Law not be used to secure private ownership of subject matter that is already in the public domain as it is that authors not be "chilled" from seeking to protect their creative efforts.

### A. Copyright Law Is Equally Concerned with What Is Protectable and What Is Not Protectable

This Court has consistently recognized that the ultimate objective of granting limited copyright monopolies is to benefit the public and that the Copyright Law seeks to balance the interests of both copyright holders and the rest of society:

> The limited scope of the copyright holder's statutory monopoly, like the limited copyright duration required by the Constitution, reflects a balance of competing claims upon the public interest: Creative work is to be encouraged and rewarded, but private motivation must ultimately serve the cause of promoting broad public availability of literature, music, and the other arts. The immediate effect of our copyright law is to secure a fair return for an "author's" creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good. "The sole interest of the United States and the primary object in conferring the monopoly," this Court has said, "lie in the general benefits derived by the public from the labors of authors."

*Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975) (footnotes omitted) (quoting *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932)). This Court more recently has noted similarly that the Copyright Law "involves a difficult balance between the interests of authors and inventors in the control and exploitation of their writings and discoveries on the



one hand, and society's competing interest in the free flow of ideas, information, and commerce on the other hand." *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984).

The leading commentators in the field are in full accord. As Professor Goldstein writes:

> The central purpose of copyright law in the United States is to encourage the production of original literary, artistic and musical expression. All creative works build on the works and traditions that precede them. Copyright law offers a limited property right that at once promises authors and publishers protection for the product of their labors and ensures them the freedom to borrow unprotected elements from the copyrighted works of others.

1 Paul Goldstein, *Copyright* at xlix (1989); *see also* 1 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 1.03[A] (1993).

Thus, it is an important public policy that subject matter unprotectable under the Copyright Law should be free for all to use. A principal distinction between protectable and unprotectable subject matter is found in the idea-expression dichotomy that is central to the protection afforded under copyright. The 1976 Copyright Act codified the distinction between ideas and expression as section 102(b) of Title 17.[5]

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[5] "In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, (continued...)

Congress explained this distinction, long recognized by the courts,[6] as follows:

> Copyright does not preclude others from using the ideas or information revealed by the author's work. It pertains to the literary, musical, graphic, or artistic form in which the author expressed intellectual concepts. Section 102(b) makes clear that copyright protection does not extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

H.R. Rep. No. 1476, *supra*, at 57, *reprinted in* 1976 U.S.C.C.A.N. at 5670. As Professor Goldstein explains, "[a] work's ideas consist of those elements that Congress and the courts consider too fundamental to be surrounded by property rights . . . . Copyright law withholds protection from ideas on the principle that the national culture would languish if creators had to pay tribute each time they employed one of these building blocks." 1 Goldstein, *supra*, § 1.2.2.4.

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[5](...continued)
regardless of the form in which it is described, explained, illustrated, or embodied in such work." 17 U.S.C. § 102(b) (1988).

[6] "Section 102(b) in no way enlarges or contracts the scope of copyright protection under the present law. Its purpose is to restate, in the context of the new single Federal system of copyright, that the basic dichotomy between expression and idea remains unchanged." H.R. Rep. No. 1476, *supra*, at 57, *reprinted in* 1976 U.S.C.C.A.N. at 5670.



As an adjunct to the fundamental copyright principle that ideas are unprotectable, courts have developed several doctrines that limit the scope of copyrightable material. The doctrines of "merger," "inseparable expression," and "limited number of expressions" hold that where an idea coincides with its expression, or is susceptible of only a limited number of ways of expression, the expression is unprotectable or protectable against only identical copying. *See, e.g., Johnson Controls, Inc. v. Phoenix Control Sys., Inc.*, 886 F.2d 1173, 1175 (9th Cir. 1989); *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1168 & n.10 (9th Cir. 1977); *Morrissey v. Procter & Gamble Co.*, 379 F.2d 675, 678-79 (1st Cir. 1967). Similarly, the doctrines of "indispensable expression" and "*scènes à faire*" hold that expression that is indispensable to an idea, or that naturally follows from an idea, is unprotectable, or virtually unprotectable, under copyright. *See, e.g., Johnson Controls*, 886 F.2d at 1175; *Data East*, 862 F.2d at 208.[7]

While the courts may use a variety of terms to describe these limiting doctrines of copyright,[8] their common purpose

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[7] As discussed more fully in Section I.B, *infra*, copyright also affords no protection to aspects of a work that are functional.

[8] The limiting doctrines of copyright law have significantly determined the scope of protection in the recent copyright cases involving computer-related works. *See, e.g., Computer Assocs.*, 982 F.2d at 706-710; *Brown Bag*, 960 F.2d at 1472-73; *Data East*, 862 F.2d at 209; *Apple v. Microsoft and Hewlett-Packard*, 799 F. Supp. at 1021-22.

is to assure that ideas remain in the public domain. As one commentator summarizes:

> Regardless of the variations of terminology occasioned by the limitations of the English language in treating with such evanescent abstractions, the cases generally exhibit a surprising uniformity of approach and conception. The courts wholeheartedly recognize that ideas, new or old, when once disclosed must be kept "free as air" for all to use. They recognize further that the vast accumulation of human experience, the character of man and his world in all its varying phases, and the relationships of each to the other and to other men and to other things, not only in the general but the specific, are not and cannot become the "property" of anyone regardless of how they are expressed. These things are the universal heritage, the public commons, from which all may freely draw sustenance and which all may use as seems most satisfactory to them.
>
> . . . .
>
> There are many differences in terminology and each case presents individual facts. Nevertheless, a study of the opinions leads one to the clear conclusion that in general the courts appreciate the vital importance of preventing this public commons from being fenced in by any private individual, and have recognized its scope and extent.

William B. Carman, *The Function of the Judge and Jury in the "Literary Property" Lawsuit*, 42 Calif. L. Rev. 52, 57-59 (1954); *see also Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237 (1964) (noting "the federal policy, found in



Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain").

What should be kept in mind for purposes of reviewing the decision of the Ninth Circuit in the case at bar is that, while protection of this public domain of unprotectable material is vital to upholding "society's . . . interest in the free flow of ideas, information, and commerce," *Sony*, 464 U.S. at 429, the public domain has no means of self-protection. The courts of appeals that have interpreted section 505 to embody an evenhanded approach to prevailing parties recognize that the public is protected by limiting the rights asserted by copyright holders to what is conferred by the Copyright Law.

Thus, in adhering to the plain language of section 505 and rejecting the reasoning of the Second Circuit in *Diamond v. Am-Law Publishing Corp.*, the Third Circuit has held:

> [W]e [do not] accept the double standard for plaintiffs and defendants. . . . [W]e find no justification for such a departure from the law's presumed equality of treatment. Although *Diamond* divined an intent to encourage copyright holders to pursue infringers, we note that in many cases the defendants are holders. Similarly, *we fail to see the virtue in encouraging an attempt to enlarge the scope of the copyright monopoly beyond that conferred by the statute*.

*Lieb v. Topstone Indus., Inc.*, 788 F.2d 151, 155 (3rd Cir. 1986) (emphasis added); *see also Original Appalachian Artworks, Inc. v. McCall Pattern Co.*, 825 F.2d 355, 356-57 (11th Cir. 1987).

Explaining its ruling, the Third Circuit has noted that the "American rule" — which holds that ordinarily a party is not entitled to attorney's fee merely because it prevails — already recognizes that attorney's fees may be awarded in cases of bad faith:

> [T]he statutory authorization [in section 505] is broad and evidences an intent to rely on the sound judgment of the district courts. Had Congress intended to condition the award of fees on the presence of bad faith, the statutory provision would have been surplusage. "[E]ven under the American common-law rule attorney's fees may be awarded against a party who has proceeded in bad faith."

*Id.*, at 155 (quoting *Christianburg Garment Co. v. EEOC*, 434 U.S. 412, 419 (1978)).

In rejecting the double standard in favor of an evenhanded application of section 505, the Third Circuit cited with approval the decision of the district court in *Cohen v. Virginia Electric & Power Co.*, 617 F. Supp. 619 (E.D. Va. 1985), *aff'd on other grounds*, 788 F.2d 247 (4th Cir. 1986), where the court reasoned as follows:

> Nor am I persuaded that a distinction should be made in an award because there is some need to encourage plaintiffs to file suit which differs in public benefit from a need to encourage defendants to defend suits. *Copyright laws are not intended for the benefit of prospective plaintiffs*. Who may be a plaintiff and who may be a defendant doesn't define the difference between good guys and bad guys. . . . *Nor can it be argued on any principled ground that society is better off when a plaintiff files and wins a copyright*



> *infringement suit than when a defendant defends and wins a copyright infringement suit*. Indeed, if there is any difference between the two we must remember that it wasn't the defendant who chose to litigate.

*Id.* at 622-23 (emphasis added).

Professor Jaszi has explained that a double standard should not be read into section 505 because copyright serves to benefit the public and because the only way to preserve the public domain is for copyright defendants to maintain defenses against infringement suits. As he wrote recently:

> [C]ertainly, [section 505] exists in part to encourage the filing of copyright actions, and to discourage infringement itself. But that is not, or should not be, the whole story. In many of the areas of law where the possibility of awards of attorney's fees is provided for by statute, there is no significant public interest to be balanced against that represented by the private plaintiff in civil litigation. There is, for example, [in the case of prevailing defendants under the Civil Rights Attorney's Fees Award Act, 42 U.S.C. § 1988 (1989)] no public interest in encouraging any level of discrimination based on race, gender, or ethnic origin. But copyright is another matter. *In copyright, there is strong countervailing interest in seeing that members of the public be allowed to make all legally allowable use of works of creativity — and thus that the outer contours of copyright law be demarcated with as much clarity as possible*. The process of demarcation occurs, in most cases, only through repeated litigation of difficult issues.

> Vigorous, persistent assertion of defenses to claims of infringement is part of the life blood of our copyright system. To the extent that the rules of the game of copyright litigation, including section 505, tend to discourage the assertion and litigation of meritorious defenses, the resulting tendency toward the settlement will produce, inevitably, a kind of systemic anemia. Settlements, whatever their value to the immediate parties, do not benefit the public at large by helping to mark out the outer contours of copyright protection; indeed, the practical effect of some settlements may be to *suggest* that those contours are more generous than is in fact the case.

Peter Jaszi, *505 and All That — The Defendant's Dilemma*, 55 Law & Contemp. Probs. 107, 111-12 (Spring 1992) (footnotes omitted) (first emphasis added).

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The circuits that have justified reading a double standard into section 505 by pointing to a need to prevent a "chilling effect" on potential plaintiffs have taken a myopic view of the Copyright Law. Because the paramount purpose of copyright — to benefit the public — is at least equally served by maintaining defenses to copyright infringement suits that arguably seek improperly to expand the lawful scope of copyright protection, this Court should strike down the double standard in favor of an evenhanded application of section 505.

### B. The Public Interest Is Served by the Demarcation Between the Subject Matter of the Copyright and Patent Laws

Congress has made a sharp distinction between the kinds of subject matter that should be protected by the Patent and



Copyright Laws. The Copyright Law takes pains to prevent protection under its purview of the functional subject matter that is meant to be given protection only under the Patent Law. First, as noted in Section I.A, *supra*, Congress has proscribed copyright protection for any "idea, procedure, process, system, method of operation, concept, principle, or discovery." 17 U.S.C. § 102(b) (1988). In addition, the Copyright Law provides that utilitarian works will be given copyright protection only to the extent that separable, artistic expression can be identified. *See* 17 U.S.C. § 101 (1988) (definitions of "Pictorial, graphic, and sculptural works" and "useful article"); *Brandir Int'l, Inc. v. Cascade Pacific Lumber Co.*, 834 F.2d 1142, 1142-43 (2d Cir. 1987); *Fabrica Inc. v. El Dorado Corp.*, 697 F.2d 890, 892-93 (9th Cir. 1983).

The distinction between patentable and copyrightable subject matter was discussed in the Court's seminal case of *Baker v. Selden*, 101 U.S. (11 Otto) 99 (1879), where the copyrighted work was a book on an accounting method. The plaintiff asserted that certain accounting forms used to carry out the method and included in the book were protectable under his copyright. This Court rejected that contention, explaining its rationale by way of analogies:

> A treatise on the composition and use of medicines, be they old or new; on the construction and use of ploughs, or watches, or churns; or on the mixture and application of colors for painting or dyeing; or on the mode of drawing lines to produce the effect of perspective, — would be the subject of copyright; but *no one would contend that the copyright of the treatise would give the exclusive right to the art or manufacture described therein.* The copyright of the book, if not pirated from other works, would be valid without regard to the novelty, or want of novelty, of

> its subject-matter. The novelty of the art or thing described or explained has nothing to do with the validity of the copyright. *To give to the author of the book an exclusive property in the art described therein, when no examination of its novelty has ever been officially made, would be a surprise and a fraud upon the public*. That is the province of letters-patent, not of copyright. The claim to an invention or discovery of an art or manufacture must be subjected to the examination of the Patent Office before an exclusive right therein can be obtained; and it can only be secured by a patent from the government.

*Id.* at 102 (emphasis added).

The surprise and the fraud on the public which occurs when a plaintiff successfully extends the scope of copyright protection to functional matters properly in the domain of Patent Law may be prevented only by encouraging vigorous defenses to any such claims. The societal stakes are high.

Congress has purposely made rigorous the requirements to obtain patent protection for functional subject matter and has limited the time for which the monopoly has been granted. The reason is the delicate balance reached for encouraging what is truly an invention by granting a monopoly for a limited time, and the great public interest in having functional subject matter in the public domain to promote efficiency and utility.

The differences between the standards of the Patent Law and the Copyright Law are evident from the vastly different systems that Congress has established for the granting of patents and copyrights. Applications for patents are subject to an extensive examination system and the resulting patents have a relatively short life, while copyright are obtained through a



simple registration system and have a relatively long life. Specifically, protection of utilitarian subject matter under Patent Law is invoked by the filing of a detailed patent application that is examined by the Patent and Trademark Office to determine if the rigorous statutory requirements of utility, novelty, and nonobviousness are met (*see* 35 U.S.C. §§ 101-03 (1988)) and the payment of significant fees, with the duration of the patent being a relatively moderate seventeen years, 35 U.S.C. § 154 (1988).

In contrast, protection of expressive, non-utilitarian subject matter under Copyright Law is secured by the simple, mechanical filing of a form and a modest fee. The duration of a copyright is enormous, encompassing up to seventy-five years or more.[9] The wide disparity of the requirements for and length of copyright protection versus patent protection reflects the different societal needs they fulfill. It may be that no great societal need is harmed by conferring on the owner of a copyright of a comic book, to take one example, a monopoly on the expression it contains for the better part of a century. However, this certainly does not hold true for technology such as procedures which make computers easier to use and therefore bring their power to a much greater segment of the population and reduce dramatically the cost of training for computer users.

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[9] In the case of individuals, copyright endures for a term consiting of the life of the author plus fifty years. 17 U.S.C. § 302(a) (1988). In the case of a work made for hire, such as by a corporate employee, copyright endures for a term of seventy-five years from the date of first publication, or 100 years from the year of its creation, whichever expires first. 17 U.S.C. § 302(c) (1988).

Professor Goldstein explains the different interests of society in the protection of functional and non-functional subject matter:

> Functional works depend for their value primarily on the ingenuity, accuracy and efficiency — the utility — of their underlying system, concept or method. As a result, enforcement of copyright in these works inevitably threatens the fundamental precept that copyright protection shall not extend to any "idea, procedure, process, system, method of operation, concept, principle, or discovery." Copyright in functional works is in this respect like copyright in fact works, which poses the similar danger of monopolizing elements that should be available for free use by all. The important difference is that in protecting works that are essentially functional in nature, copyright may contradict the principle that protection for these utilitarian elements is better left to the more exacting standards of patent and trade secret law.
>
> The dangers posed by copyright protection for functional works can be illustrated by comparing the consequences of a decision that one purely literary work infringes another with the consequences of a determination that one functional work infringes another. Prohibiting other poets from copying the aesthetically pleasing line "Euclid alone has looked on beauty bare," or even prohibiting them from varying it insubstantially, will leave poets free to invent a large number of equally elegant lines expressing the identical point. By contrast, to prohibit competitors from copying or slightly varying an airtight legal form runs the risk of forcing them to draft a possibly less



> effective form or, at the very least, to reinvent the wheel; it may also force their prospective customers to buy plaintiff's form. The result in any case is socially and economically wasteful behavior. Once the optimum in a functional work has been reached, consumers have no particular interest in seeing the work expressed differently, for consumers are interested in the function, not the expression.

2 Goldstein, *supra*, § 8.5, at 116-117 (footnotes omitted).

This interest of consumers to have the protection of Copyright Law limited to non-functional matter is great and can be served only by encouraging defendants to raise and persist in pursuing legitimate defenses of functionality and the like. *See, e.g., Computer Assocs.*, 982 F.2d at 704-06; *Brown Bag*, 960 F.2d at 1472-73; *Apple v. Microsoft and Hewlett-Packard*, 799 F. Supp. at 1022-24. Otherwise, plaintiffs will be unduly encouraged to seek the seventy-five year monopolies afforded by copyrights for functional subject matter in the public domain and to assert or threaten to assert those claims against users of such matter. A defendant faced with the prospect of such a claim is generally in a lose-lose position. If it loses, it will have to pay the plaintiffs' attorneys fees as well as its own; if it wins, it still will have to pay for its own attorneys' fees.

Further, this state of affairs inevitably chills innovations. A potential defendant will shy away from using a functional element if faced with the prospect of a costly copyright suit with no reasonable expectation that he will even get his attorney's fees back — no matter how meritorious his defense. Competition suffers and the public pays the bill in the form of higher prices charged by the monopolist. In fact, a plaintiff always has the monetary incentive to bring a suit because of its

potential recovery of its damages, statutory damages or defendant's profits.

This reality inevitably moves the law toward conferring copyright protection on functional subject matter, with consequent incalculable harm to the public interest. Congress apparently recognized the balance of societal interests inherent in the even award of attorneys' fees when promulgating section 505 of the statute with no distinction between prevailing defendants and plaintiffs.

## II. THE INCREASING FREQUENCY OF COPYRIGHT LITIGATION OVER TECHNOLOGICAL WORKS DEMONSTRATES THE NEED FOR AN EVEN-HANDED APPROACH IN APPLYING SECTION 505

Another aspect of copyright upon which this Court has remarked is that technological change is often at the heart of considerations of the Copyright Law. As the Court has noted: "From its beginning, the law of copyright has developed in response to significant changes in technology." *Sony*, 464 U.S. at 430; *see also Twentieth Century Music*, 422 U.S. at 156 ("When technological change has rendered its literal terms ambiguous, the Copyright Act must be construed in light of [its] basic purpose.").

Technological change is also implicated in the case at bar, not because of the particular facts of the controversy between the parties, but because of future cases in which section 505 will be a factor. It is increasingly more common for copyright infringement actions to be instituted in which the works in suit are neither songs, paintings, nor films, but computer programs. This trend can be expected to continue in the coming years given the explosive expansion of computer technology. While



computer programs can have expressive elements that are properly protected under copyright, they are also quite likely to include elements that are properly characterized as functional, or as ideas, methods, procedures, etc., and thus unprotectable under the Copyright Law.

An over-zealous plaintiff, for the price of a $20 fee to obtain a copyright registration, is able to bring a charge of infringement that is perhaps colorable, but in the end attempts improperly to enlarge the scope of his or her copyright to encompass uncopyrightable subject matter. Given the market for many computer programs, a defendant may be forced to spend six- and seven-figure sums in attorney's fees to defend against damage claims of seven-, eight-, nine-, or even ten-figure amounts.[10] However, under the Ninth Circuit's double standard, with no showing of bad faith or frivolity, a copyright defendant who serves the public interest by maintaining meritorious defenses that properly limit the scope of a copyright monopoly is unable to recoup its legal fees. In the end the cost to such a prevailing defendant is far greater than the cost to most *losing* defendants in cases involving artistic copyrights.

The many copyright claims now being brought based on computer programs and related works are fraught with questions regarding the scope of copyright protection that may properly be afforded to such works, and as such shape copyright law in significant ways. Professor Goldstein has noted:

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[10] In *Apple v. Microsoft and Hewlett-Packard*, the plaintiff sought damages of over $5.5 billion. *See* Lawrence M. Fisher, *Most of Apple's Copyright Suit Is Dismissed*, N.Y. Times, April 15, 1992 at D5.

> Courts . . . play a major role in shaping copyright law. The 1976 Act, like its predecessors, leaves three of the great questions of copyright primarily to the judiciary: What constitutes original authorship qualifying for protection? *Where should the line be drawn between a work's unprotectible ideas and its protectible expression?* What constitutes infringement?

1 Goldstein, *supra*, at 1 (emphasis added). Of course, courts can play their major role only when construing cases and controversies arising under the Copyright Law. But with a double standard followed by several circuits in applying section 505, copyright defendants with meritorious defenses are discouraged from asserting those defenses. Society is thus injured by a failure to uphold fully its interest in maintaining proper boundaries for the public domain.

As Professor Jaszi concludes:

> Today, copyright law is approaching a crisis, as the pressure to expand its coverage grows ever stronger, and the forces capable of resisting those pressures ever weaker. As technical, and even trivial, as the subject of attorney's fees may seem when viewed from the standpoint of grand theory, section 505 and its proper application are of the greatest practical importance to the actual conduct of copyright litigation, and thus to the vindication of the interests that the American law of copyright is designed to promote.

Jaszi, *supra*, at 126-27. Therefore, this Court should further the public interest by ruling that section 505 must be applied evenhandedly to prevailing plaintiffs and prevailing defendants.



## CONCLUSION

For the foregoing reasons, *amicus curiae* Hewlett-Packard Company respectfully urges that the decision of the Ninth Circuit, insofar as it proclaims a double standard under 17 U.S.C. § 505, be reversed and that the evenhanded approach followed by the Third and Eleventh Circuits be adopted universally.

Respectfully submitted,

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